



Indian Overseas Bank

Central Office
Chennai

Press Release

09.05.2019

Performance Highlights - 31.03.2019



Top Line - Milestones (Rs. Crores) (Global)

> Deposits	Rs. 2,22,534
> Advances	Rs. 1,51,996
> Business Mix	Rs. 3,74,530
> CASA	Rs. 85,227 (YoY ↑ 6.96%)
> CASA Ratio	38.30 (YoY ↑ 155 bps)

Bottom Line (Rs. Crores)

> Operating Profit for the year	Rs.5,034	↑ 38.71%	(Highest ever)
> Net Loss for the year	Rs.3,738	↓ 40.66%	
> Net Loss Q4	Rs.1,985	↓ YoY	44.96%
> Provisions	Rs.8,772		
> Gross NPA	Rs.33,398	↓ 21.97%	(Decrease by 331 bps YoY)
> Net NPA	Rs.14,368	↓ 10.81%	(Decrease by 452 bps YoY)

Key Performance indicators

> Net Interest Margin	2.08%
> Cost of Deposits	5.39%
	(Reduction of 10 bps)
> Yield on Advances	7.18%
> Cost to Income Ratio	46.93%
	(Reduction by 1368 bps)
> Provision Coverage Ratio at	71.39%
	(Increase by 1194 bps YoY)
> Non interest income to Total income	19.26%
> RAM % to Total Domestic Advances	67.20%
> Expenses reduced by	7.32% YoY
Staff expenses reduced by	11.60% YoY

- ❖ CASA all time high at 38.30%
- ❖ Provision Coverage Ratio (PCR) increased by 1194 bps YoY
- ❖ Increase in Operating Profit by 38.71% for the year ended 31.03.2019 as against the previous year – Highest in IOB history
- ❖ Reduction in Net Loss by 40.66% for the year ended 31.03.2019 as against the previous year
- ❖ Annual Operating Expenses reduced by Rs. 1116 crore (20.29%) decline)
- ❖ Net loss only due to additional provision in the existing NPA to the tune of Rs.1,400 cr and one fraud account 100% provision to the extent of Rs.700 cr



Performance Highlights for the Financial Year ended March 31, 2019

- 1. CASA of the Bank improved to 38.30% (Domestic 38.72%) as on 31st March 2019 as against 36.75% (Domestic 37.43%) as on 31st March 2018 with YoY growth at 155 bps (129 bps). Total CASA has increased from Rs.79678 crores as on 31.03.2018 to Rs. 85227 crores as on 31.03.2019, SB (Savings Bank) registered 5.86% YoY growth as at 31st March '19 over 31st March '18. Cost of deposits reduced by 10 bps to 5.39% for the year ended 31.03.2019.**
- 2. Total business** stood at Rs. 3,74,530 crore as on 31st March 2019 as against Rs. 3,67,831 crore as on 31st March 2018 (Increase of 1.82%).
- 3. Total deposits registered an increase of 2.63%** and increased to Rs.2,22,534 crore as on 31st March 2019 as against Rs. 2,16,832 crore as on 31st March 2018. The Bank has reduced the concentration of Bulk Deposits and high cost deposits and increased Retail Term Deposits to have a stable and sustainable deposit profile and reduce the cost of funds.
- 4. Gross Advances** stood at Rs. 1,51,996 crore as on 31st March 2019 as against Rs. 1,50,999 crore as on 31st March 2018. The Bank has evolved a policy of not taking fresh exposures in stressed sectors, below hurdle rated accounts and BB and below rated accounts. The Bank has also exited from accounts in the stressed sectors, wherever feasible.

The Bank has rebalanced the credit portfolio with RAM's (Retail, Agri and MSME) share of total domestic advances improving from 66.14% to 67.20% YoY (March '19 over March '18) of which Retail is 21.64%, Agri 22.84% and MSME 22.72%. Bank's share of A and above rated accounts as a % of rated advances is 48.12% as of 31st March '19.

- 5. Average deposits improved from Rs. 2,09,418 cr as at March '18 to Rs.2,14,409 cr as at March '19 and average advances improved from Rs.159434 cr as at March '18 to Rs.1,63,451 cr as at March '19, indicating that the unit level business is growing constantly**
- 6. Operating Profit increased by 38.71% for the year ended 31.03.2019 and stood at Rs. 5033.87 crore as against Rs. 3629.08 crore for the year ended 31.03.2018.**
IOB's operating profit of Rs.5033.87 cr is the highest in its history.



7. **Net loss decreased by 40.66%** for the year ended 31.03.2019 and stood at Rs. 3737.88 crore as against Rs. 6299.49 crore for the year ended 31.03.2018. The loss is due to increased provisions on NPAs and fraud accounts especially due to back dating of NPAs and one big account declared as fraud, impact on account of these two events is around Rs. 2150 cr on Provision.
8. **Total income increased marginally by 0.81%** for the year ended 31.03.2019 and is Rs. 21838 crore as against Rs. 21662 crore for the previous year (2017-18).
9. **Interest income** stood at Rs. 17631 crore for the year ended 31.03.2019 as against Rs. 17915 crore for the previous year (2017-18).
10. **Non-interest Income registered a growth of 12.28%** and stood at Rs. 4206 crore for the year ended 31.03.2019 as against Rs. 3746 crore for the year ended 31.03.2018.

Non-interest income is 19.26% of total income and it improved from 8.20% in March 2015 to 17.30% as at March 2018 and further to 19.26% as at March 2019

11. **Total Expenditure declined by 6.82%** from Rs. 18033 crore for the year ended 31st March 2018 to Rs. 16804 crore for the year ended 31st March 2019.

Staff expenses declined by 11.60% from Rs. 2994 cr as at March '18 to Rs.2647 cr as at March '19.

Cost to Income Ratio reduced by 1368 bps from 60.61% as at March '18 to 46.93% as at March '19.

12. **Recovery in NPA accounts for the year ended 31.03.2019 is Rs.14669 crore as compared to Rs. 15496 crore for the year ended 31.03.2018 against the fresh slippage of Rs. 6071 crore for the year ended March '19 and debits in existing NPA accounts of Rs. 2774 crore for the year ended March '19. Recovery is higher by 66% over total NPA debits (slippage + debits).**

- **GNPA reduced by 331 bps from 25.28% as at March '18 to 21.97% as at March '19.**



- **NNPA reduced by 275 bps from 13.56% as at March '18 to 10.81% as at March '19**
- **Provision Coverage Ratio (PCR) improved by 1194 bps from 59.45% as at March '18 to 71.39% as at March '19**

The Bank has recovered Rs. 757 crore in NCLT accounts during the year ended March '19. Further, the Bank expects recovery aggregating Rs. 1247 crore in the current quarter in NCLT accounts where resolution is at an advanced stage, which will reduce GNPA by Rs. 2868 crore (approx). Bank expects NPA reduction of Rs. 6300 cr (approx) in FY20 (subject to Court resolution).

13. Credit cost for FY19 due to fresh slippages 0.53%, due to migration provision and debits in existing NPA accounts is 4.95%. Fresh slippage is being contained effectively.

Performance Highlights for the Quarter ended March 31, 2019 QoQ (Sequential)

- 1. Total business** stood at Rs. 3,74,530 crore as on 31st March 2019 as against Rs. 3,70,901 crore as on 31st December 2018.
- 2. Total deposits** stood at Rs. 2,22,534 crore as on 31st March 2019 as against Rs. 2,20,311 crore as on 31st December 2018 (1.01% growth)
- 3. CASA of the Bank increased by 104 bps** and stood at 38.30% as on 31st March 2019 as against 37.26% as on 31st December 2018.
- 4. Gross Advances registering a marginal growth of 0.93%** stood at Rs. 1,51,996 crore as on 31st March 2019 as against Rs. 1,50,590 crore as on 31st December 2018. Bank focused on re-aligning its loan book for efficient capital utilization.
- 5. Operating Profit stood at Rs. 1132 crore for quarter ended 31st March 2019 as against Rs. 1466 crore for the quarter ended 31st December 2018.**
- 6. Net loss for quarter ended 31st March 2019 is Rs.1985 crore. The loss is due to increased provisions on NPAs and fraud accounts especially due to back dating of NPAs and one big account declared as fraud,**



impact on account of these two events is around Rs. 2150 cr on Provision.

7. **Total income is Rs. 5474 crore for the quarter ended 31st March 2019 as against Rs. 5689 crore for the quarter ended 31st December 2018.**
8. **Interest income stood at Rs. 4556 crore for the quarter ended 31st March 2019 as against Rs. 4542 crore for the quarter ended 31st December 2018.**
9. Non-interest income stood at Rs. 917 crore for the quarter ended 31st March 2019 as against Rs. 1146 crore for the quarter ended 31st December 2018.
10. **Total Expenditure** stood at Rs. 4342 crore for the quarter ended 31st March 2019 as against Rs. 4222 crore for the quarter ended 31st December 2018.
11. **NPA MANAGEMENT: Gross NPA as at 31st March 2019 reduced by 179 bps and stood at Rs. 33398 crore with ratio of 21.97% as against Rs.35787 crore with ratio of 23.76% as at 31st December 2018. GNPA has reduced both in quantum and as a percentage of Gross Advances QoQ.**
12. **Total Recovery registered an increase of 10.18%** stood at Rs. 4102 crore achieved for quarter ended March '19 as against Rs. 3723 crore achieved for quarter ended December '18. The total fresh slippage (other than debits to existing NPA accounts) for quarter ended March '19 was Rs. 1402 crore as against Rs. 1790 crore for quarter ended December '18.
13. **Net NPA reduced by 275 bps as at 31st March 2019 and stood at Rs. 14368 crore with ratio of 10.81% as against Rs. 17988 crore with ratio of 13.56% as on 31st December 2018 thus reducing NNPA by Rs. 3620 crore in absolute terms.**
14. **Provision Coverage Ratio improved to 71.39% as on 31st March 2019 as against 64.23% as on 31st December 2018.**



Performance Highlights for the Quarter ended March 31, 2019 - Q4 March'19 over Q4 March'18

1. **Operating Profit** for quarter ended 31st March 2019 registered growth of 0.21% and stood at Rs. 1131.50 crore as against Rs.1129.15 crore for the quarter ended 31st March 2018.
2. **Net Loss** for the quarter ended 31st March 2019 reduced by 44.96% to Rs. 1985.16 crore from Rs. 3606.73 crore for the quarter ended 31st March 2018.
3. **Total income** stood at Rs. 5474 crore for the quarter ended 31st March 2019 as against Rs.5814 crore for the quarter ended 31st March 2018.
4. **Interest income** stood at Rs. 4556 crore for the quarter ended 31st March 2019 as against Rs. 4828 crore for the quarter ended 31st March 2018.
5. **Non-interest income** stood at Rs. 917 crore for the quarter ended 31st March 2019 as against Rs. 987 crore for the quarter ended 31st March 2018.
6. **Total Expenditure decreased by 7.32% from Rs. 4685 crore for the quarter ended 31st March 2018 to Rs. 4342 crore for the quarter ended 31st March 2019.** Operating expenses reduced by 20.48% and stood at Rs. 1265 crore for the quarter ended 31st March 2019 as against Rs. 1591 crore for the quarter ended 31st March 2018.
7. **NPA MANAGEMENT: Gross NPA** as at 31st March 2019 stood at Rs. 33398 crore with ratio of 21.97% as against Rs. 38180 crore with ratio of 25.28% as at 31st March 2018.
8. **Total recovery** stood at to Rs. 4102 crore achieved for quarter ended March '19 during quarter ended March '18 while the total fresh slippage for quarter ended March '19 stood at Rs. 1402 crore. Recovery achieved is substantially higher than slippages during the quarter mainly due to focused priority action on arresting slippages and improving recovery in NPA / OTS accounts.



9. **Net NPA** is contained to Rs. 14368 crore with ratio of 10.81% as at 31st March '19 as against Rs. 20400 crore with ratio of 15.33% as on 31st March '18.
10. **Provision Coverage Ratio is improved to 71.39% as on 31st March 2019 as against 59.45% as on 31st March 2018.**

❖ **CAPITAL ADEQUACY RATIO (CRAR):**

Particulars	Basel III as on 31.03.2019	Regulatory Requirement
CET I	7.82%	5.50%
CCB in CET I	2.32%	1.875%
Tier I	7.85%	7.00%
Tier II	2.36%	2.00%
Total CRAR	10.21%	9.00%*

* Excluding CCB

Total Capital includes Capital infusion by GOI in 2 tranches of Rs.2157 cr and Rs. 3806 cr received during FY 2018-19, capital raised by the Bank to the extent of Rs. 260.47 cr by issue of shares to employees under ESPS and Tier II Capital raised through issue of Basel III compliant Tier II bonds aggregating Rs. 300 cr.

- RWA to Total Advances reduced from 89.34% as on 31.03.2018 to 80.65% as on 31.03.2019
- Credit RWA to Total Advances reduced from 69.51% as on 31.03.2018 to 62.41% as on 31.03.2019
- RWA reduced by Rs. 12,323 cr (from Rs. 1,34,908 cr as on 31.03.2018 to Rs. 1,22,585 cr as on 31.03.2019)

❖ **KEY FINANCIAL RATIOS:**

- **Credit Deposit Ratio** is 68.30% as on 31.03.2019 as against 69.64% as on 31.03.2018
- **Average Cost of Deposit is 5.39% for the year ended 31.03.2019 as against 5.49% for the year ended 31.03.2018 (Reduction of 10 bps).**
- **Average Yield on Advances** is 7.18% for the year ended 31.03.2019 as against 7.50% for the year ended 31.03.2018.



- **Cost to Income Ratio is 46.93% for the year ended 31.03.2019 as against 60.61% for the year ended 31.03.2018 (Reduction of 1368 bps).**
- **Net Interest Margin** is 2.31% for the quarter ended 31.03.2019 and 2.08% for the year ended 31.03.2019.

❖ **CAPITAL INFUSION BY GOVERNMENT OF INDIA**

During the quarter ended 31.03.2019, the Bank has received Rs. 3806 crore as capital infusion by the Government of India for which the Bank has allotted 269,54,67,422 equity shares of Rs.10/- each for cash at Issue Price of Rs. 14.12 per equity share (including premium of Rs. 4.12 per equity share) on preferential basis, to Government of India. GOI's shareholding has increased to 92.52%.

❖ **EMPLOYEE STOCK PURCHASE SCHEME**

As employees are major players in the Bank's progress and service delivery, Bank launched ESPS (Employee Stock Purchase Scheme). The Issue was fully subscribed and a grand success, which is an indicator of the commitment and confidence in the Bank by its employees.

The Bank's ESPS was launched for subscription on 31.12.2018 and the Issue was closed on 21.01.2019 as scheduled. While the ESPS issue offer was for upto 18.24 crore equity shares at a discounted price of Rs. 11.90, the overwhelming response of the employees with many of the employees applying for more than the number of shares offered to them under the Scheme, resulted in oversubscription and has made IOB – ESPS 2018 a great success. In this process the Bank augmented its capital funds to the extent of Rs. 260.47 crores. IOB has scripted history by becoming **the first Public Sector Bank to record 100% subscription to ESPS**. 24023 employees contributed towards share capital to become proud co-owners of the Bank.



❖ REDUCTION OF LOSS INCURRING BRANCHES :

The movement of Loss Incurring branches for the last six years is given below.

Details	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Branches	3265	3381	3397	3373	3332	3280
Loss Incurring Branches	772	742	718	536	371	157
% of Loss Incurring Branches	23.64	21.95	21.14	15.89	11.13	4.79

The Bank had 772 loss incurring branches in March 2014 which was one of the immediate effects of rapid branch expansion. The continuous follow up from the administrative layers and efforts taken at the branch level has helped to reduce the number of loss incurring branches from 772 branches in March 2014 to 157 branches in March 2019. Higher thrust on Retail and MSME lending is laid down to improve the yield level apart from diversification of the risk. The Bank would continue to focus closely on the loss incurring branches towards reporting a profitable trend.

❖ IT and Digital Banking Initiatives

- Integrated Online processing of MSME Mudra Loans upto Rs.10 lakhs end-to-end from application to documentation stage reducing the Turn Around Time for processing.
- End to end CTS Solution developed in-house which will result in substantial savings to the Bank.
- Implementation of EASE parameters in Internet and Mobile Banking for enhancing customer service and delivery.
- Lead generation implemented to enable customers to submit queries and product enquiries.
- Introduction of Enterprise General Ledger - Consolidating Schedules for Domestic and Overseas Balance Sheets.
- Complete end to end automation of **ESPS** process for issue of shares to employees.
- Extending **BBPS** (Bharat Bill Payment System) facility for Corporate Users through Net Banking.



- **EASE** : Features added to Internet Banking and Mobile Banking to facilitate customers to send their request for various services . Four Regional languages, in addition to English and Hindi have been added in Mobile Banking.
- IOB has implemented its online payment system IOBPAY in the website of **Tamil Nadu HRCE** (Hindu Religious & Charitable Endowments Department) (<https://tnhrce.gov.in>) for collection of various receipts of temples such as Online Donations, Annadhanam etc. Similar arrangement has also been entered into with **Directorate of Medical Services** for various types of collection through digital mode.
- **Bank has completed necessary certification for NCMC (National Common Mobility Card) as an Issuer and IOB is the first Bank which has been certified on International platform with multiple CVN functionality (NFC).**
- Conversion of all the Magstripe cards under usage into EMV Chip based cards has been completed (for all operative accounts) to provide a secured environment for digital banking.
- **SGPRS**: Enhanced experience for the customers through Centralized Standardized Public Grievance Redressal System (SPGRS) launched

➤ **ACCOLADES AND AWARDS**

❖ **Vigilance Excellence Award 2018**

The Central Vigilance Commission has awarded our Bank with “Vigilance Innovation Award” with an Excellent Grade for various initiatives taken in the Bank such as

- REAP System for automated retail loan processing.
- IOB Sahayak app
- An internal portal for whistle blower
- Online tracking of complaints
- Real time reporting of RVO's branch visit and compliance reports



The award was presented to our MD & CEO and CVO by our Hon'ble President of India in the presence of CVC and VCs at Vigyan Bhavan, New Delhi on 31.10.2018.

❖ **Enhanced Access & Service Excellence (EASE) Awards**

The transformation reforms of Responsible and Responsive Banking aimed at EASE – Enhanced Access and Service Excellence for Public Sector Banks was launched by Government of India in January 2018.

Reforms Agenda covers the following themes

1. Customer Responsiveness
2. Responsible Banking
3. Credit Off-take
4. PSBs as Udyami Mitras for MSMEs
5. Deepening Financial Inclusion & Digitalization
6. Developing Personnel for Brand PSB

The EASE Report and EASE Reforms Index is a result of Indian Banks Association's partnership with the Boston Consulting Group (BCG) that aimed to identify parameters to be improved upon on the basis of PSBs Reforms Agenda. The BCG-IBA Report measures the performance of each PSB on 140 objective metrics across the aforesaid 6 themes and provides a comparative evaluation showing where banks stand vis-à-vis benchmarks and peers on the reforms agenda. Awards have been given in various categories to the best performing Public Sector Banks.

Indian Overseas Bank (IOB) has been awarded

1. **Winner for “Reforms Excellence” among all Public Sector Banks**
2. **Winner for theme “Deepening Financial Inclusion and Digitalization”**

It is indeed a matter of great pride that **our Bank has bagged 2 awards by emerging a clear winner in 2 out of 8 winner category awards.**

Honorable Union Minister for Finance & Corporate Affairs Shri. Arun Jaitley gave away the awards at the event organized by IBA at Delhi on 28.02.2019 and the awards were received by MD & CEO Shri R Subramaniakumar and ED Shri. Ajay Kumar Srivastava.



Our Centralized Standardized Public **Grievance Redressal System (SPGRS)** has been identified as one out of 8 Best Practices among PSBs at the Event's presentation.

Overall, IOB ranked at 7th Place with 66.7 score as on December 2018 over March '18 amongst 21 PSBs.

❖ **Best Use of Data and Analytics for Business Outcome Award**

Our Bank has been adjudged the '**WINNER**' in the category of the **Best Use of Data and Analytics for Business Outcome amongst Medium Banks** by Indian Banks' Association in the IBA Banking Technology Conference, Expo & Awards 2019 held in Mumbai on 20th February 2019.

❖ **Special Award for Implementation of SHG-Bank Linkage in the state of Tamilnadu**

Our Bank, Convenor of SLBC – Tamil Nadu, received a Special Award for Implementation of SHG-Bank Linkage in the state of Tamil Nadu during the State Level SHG Bank Linkage function at Salem on 25.02.2019, organized by Tamil Nadu State Rural Livelihood Mission, in recognition of our spearheading the implementation of SHG Bank linkage which witnessed tremendous growth under the sector in the State of Tamil Nadu during the last two years.

Shri R Subramaniakumar, MD & CEO received the Special Award from the Hon'ble Chief Minister of Tamil Nadu, Thiru. Edappadi K. Palaniswami. Members of Parliament, Ministers of State Government, MLAs, various State Government officials and Senior Bank officials were among those present in the function.

❖ **Perform for Pride**

During the "Perform for Pride" campaign organized by PFRDA, 7 of the Bank's branches have received awards and 4 branches have received Certificate of Appreciation on 11.02.2019 in the meeting organized by PFRDA.

❖ **Sports**

Hockey: The Bank's hockey team won the prestigious Indian Bank Trophy at Chennai in March '19.
